

As of July 30, 1999

VIA FACSIMILE

BCE West, L.P., *et al.*
c/o Akin, Crump, Strauss, Hauer & Feld, L.L.P.
1900 Pennzoil Place - South Tower
711 Louisiana
Houston, Texas 77002
Attention: H. Rey Stroube, III, Esq.

RE: Bid for Purchase of Substantially All of the Debtors' Assets

Ladies and Gentlemen:

Boston Market Acquisition Company, a Delaware corporation ("BMAC"), is pleased to submit this revised bid (as revised, the "Bid") to acquire substantially all of the tangible and intangible assets, including cash (the "Assets"), from the bankruptcy estates of BCE West, L.P., *et al.* (the "Debtors"), on the terms and conditions described herein. As set forth herein, this Bid is subject to the negotiation and execution of definitive documentation reflecting all of the transactions contemplated herein (the "Definitive Agreement").

1. Purchase of Assets. BMAC would purchase all of the Debtors' real, personal, tangible and intangible property and assets that compose and comprise the business operations of the Debtors (the "Business"), including without limitation: (i) all goods, inventory, parts, components, assemblies, subassemblies, furniture, fixtures, equipment, work in progress, raw materials and supplies of the Debtors (including all of Debtor's interests in equipment used, useable or necessary in connection with the operation of the Business)¹; (ii) all Debtors' interests in real property; (iii) all intellectual property (including without limitation rights to intellectual property, software, trademarks, patents, designs, and copyrights) and all goodwill attendant thereto utilized or claimed by the Debtors in connection with the operation of the Business; (iv) all Debtors' rights arising out of or under any express or implied warranties from suppliers of any of the Debtors with respect to assets and/or properties being purchased by and transferred to BMAC; (v) all receivables owed to any of the Debtors, including under any franchise agreements; and (vi) any and all claims and causes of action of the Debtors against trade vendors or current employees of the Business existing as of the closing date. All Assets would be acquired free and clear of all liens, claims and encumbrances whatsoever. The Assets

¹ BMAC assumes that all equipment in this category is transferable to BMAC pursuant to bankruptcy order without additional cost to BMAC.

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purchased would specifically exclude the Retained Assets, as defined in Paragraph 8 below.

2. Purchase Price. BMAC would purchase the Assets for aggregate consideration of up to \$140.0 million, consisting of (i) the payment at closing of cash consideration of \$105 million, and (ii) the assumption at closing of up to \$35.0 million in liabilities of the Debtors, as described in greater detail in Paragraphs 5, 6 and 7 below.
3. Management and Employees. In connection with its future operation of the Business, BMAC would propose to hire substantially all of the employees of the Business under terms to be determined. Additionally, BMAC would propose to grant equity incentives representing up to 10% of the equity of BMAC to management and/or employees following consummation of the proposed transaction.
4. Sources of Financing. The Bid represents a cash offer plus the assumption of certain liabilities as set forth herein. The acquisition would not be subject to any financing contingency.
5. Assignment and Assumption of Executory Contracts. As part of the Definitive Agreement, BMAC would use its commercially reasonable efforts to identify all of the Debtors' rights, claims and causes of action under the Debtors' executory contracts, supply agreements, franchise agreements, licenses and executory equipment leases (collectively, the "Identified Contracts") that BMAC intends for the Debtors to assume and assign to BMAC pursuant to the Plan of Reorganization to be filed in this case. The designation of such Identified Contracts would be subject to the cooperation and assistance of the Debtors and their lenders in BMAC's review and negotiation process.
6. Assignment and Assumption of Leases. BMAC would identify at a future agreed upon date all of the Debtors' rights, claims and causes of action under the Debtors' real property leases (the "Identified Leases") that BMAC intends for the Debtors to assume and assign to BMAC pursuant to the Plan of Reorganization to be filed in this case. With respect to those certain Identified Leases previously assumed by the Debtors prior to the date of this Bid (the "84 Identified Leases"), BMAC would identify, as part of the Definitive Agreement, which of the 84 Identified Leases that BMAC intends for the Debtors to assign to BMAC pursuant to the Plan of Reorganization. It is currently anticipated that a significant portion of the real property leases for restaurant locations of the Debtors would be assumed by BMAC.
7. Other Assumed Liabilities. As part of the aggregate consideration represented by this Bid, BMAC would assume up to \$35.0 million in current liabilities of the Debtors in

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connection with the Business. The current liabilities to be assumed by BMAC would be set forth on a schedule to be attached to the Definitive Agreement, which schedule would set forth the creditor and the specific maximum amount to be assumed by BMAC with respect thereto at the date of closing; it being understood that the following items would be included on such schedule in the order of priority presented: (i) any and all liabilities to employees of the Business, including amounts payable for accrued vacation time, under existing employment agreements or arrangements, and pursuant to the Debtors' Retention Bonus Program, (ii) current obligations owing to any and all trade creditors of Debtors that are existing trade creditors at the time of closing, and (iii) such other post-petition current liabilities of the Debtors as may be directed by BMAC in connection with the Definitive Agreement. Other than the assumption of liabilities associated with the Identified Contracts and Identified Leases being assumed and assigned to BMAC and the other assumed liabilities described in this Paragraph 7, no other indebtedness would be assumed by BMAC as part of this transaction. Accordingly, any and all other contracts, leases and agreements not expressly identified to be assumed by BMAC would be rejected, unless BMAC consents at no additional cost to BMAC to the Debtors' assumption and assignment of such other contracts, leases and/or agreements to a third party.

8. Retained Assets. The Debtors would not transfer or convey to BMAC any interest or right of the Debtors in (i) the Debtors' 51% ownership interest in Einstein/Noah Bagel Corporation, (ii) any Identified Contracts or Identified Leases that BMAC elects not to assume, as contemplated by Paragraphs 5 and 6 above, (iii) all rights, claims and causes of action of the Debtors relating to Harry's Farmers Market, Inc., (iv) any assets (including interests in real estate) used exclusively in the eighteen (18) stores that have been closed by the Debtors prior to the date of this Bid or (v) any and all claims and causes of action other than as set forth in Paragraph 1 hereof.
9. Definitive Agreement. This Bid is subject to execution of a Definitive Agreement acceptable in all respects to BMAC detailing the transactions contemplated herein. BMAC has received and is reviewing the Debtors' draft of such Definitive Agreement. In addition, the transactions contemplated by this Bid are subject to approval by the United States Bankruptcy Court and entry therein of an order approving the transfer to BMAC of the Assets free and clear of all liens, claims and encumbrances.
10. Assumptions. BMAC assumes and expects that all information that has been provided by the Debtors and/or their retained professionals to BMAC and its professionals during the due diligence period has been complete, truthful and accurate. Therefore, this Bid is expressly contingent upon the accuracy of the Debtors' books and records made available by Debtors and/or its retained professionals to BMAC during the due diligence period.

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Further, this Bid is, and the Definitive Agreement would be, conditioned upon the non-existence of any material adverse change in the Business prior to closing. Should the Debtors accept this Bid, BMAC and its retained professionals shall be permitted to continue to conduct their due diligence investigation of the Business, including the results of operations, contracts, rights, assets, liabilities and obligations relating thereto.

Additionally, Debtors have advised BMAC that its independent auditors are in the process of auditing the Debtors' consolidated financial statements for the year ended December 27, 1998. Debtors have advised BMAC that Debtors are aware of no material adverse change that would arise out of the completion of such audit that would materially effect the future financial results of BMAC or the Business. Debtors have also advised BMAC that Debtors have been informed by their auditors that the auditors will opine only on Debtors' 1998 closing balance sheet and will not opine on the Debtors' 1998 income or cash flow statements. Debtors agree to use commercially reasonable efforts to assist BMAC in obtaining audited 1998 financial statements (including an audit of direct revenues and expenses only) including, without limitation, providing representatives of BMAC with access to the Debtors' auditors (both current and predecessor) and any other information and documentation with respect to the Debtors' 1998 financial statements as may be reasonably requested by BMAC.

11. Timing. A Definitive Agreement containing usual and customary representations, warranties, covenants and conditions must be executed by Debtors and BMAC by August 13, 1999, or at such later date and time as may be approved by the United States Bankruptcy Court. The transactions contemplated by the Definitive Agreement must be closed by no later than November 15, 1999.
12. Disclosure. Except as and to the extent required by law and as may be required to respond directly to inquiries from the media and employees in response to proceedings relating to the Debtors currently pending in the United States Bankruptcy Court in the ordinary course, neither BMAC nor the Debtors will, and each will direct its retained professionals not to, directly or indirectly, make any public comment, statement or communication with respect to, or otherwise disclose or permit the disclosure of the existence of discussions regarding, a possible transaction between the parties or any of the terms, conditions or other aspects of the transaction proposed in this Bid without the prior written consent of the other party.
13. Bid Protection. The Debtors hereby agree to use its best efforts to secure an amendment to the Order Establishing Bidding Procedures and Approving Bid Protection, Break-up Fees and Expense Reimbursement entered June 30, 1999 (the "Order"), to provide exclusivity to BMAC until August 13, 1999 in connection with the negotiations with

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Debtors of the Definitive Agreement; it being understood that the amendment shall provide that if Debtors breach the foregoing exclusivity or the Definitive Agreement is not executed prior to August 13, 1999, BMAC shall be entitled to receive reimbursement of expenses up to an additional \$300,000 (in addition to the \$150,000 owing to Debtor for reimbursement of due diligence expenses as already contemplated by the Order). If the Definitive Agreement is executed on or prior to August 13, 1999, then BMAC shall no longer be entitled to up to \$300,000. As used herein, "exclusivity" shall mean that Debtors will not, directly or indirectly, through any retained professionals or otherwise, solicit or entertain offers from, negotiate with or in any manner encourage, discuss, accept or consider any proposal of any other person relating to the acquisition of the Assets, in whole or in part, whether through asset purchase, stock purchase, merger, consolidation, business combination or any investment in Debtors (other than transactions arising in the ordinary course of business).

If you are in agreement with the terms of this Bid and desire to proceed on that basis, please sign the enclosed duplicate in the space provided below and return it to us. Upon receipt of an executed copy of this Bid, we will proceed expeditiously in the manner contemplated herein. This Bid may be executed in multiple counterparts.

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We look forward to working with you to expeditiously close this transaction and to help build the future success of the Business.

Sincerely,

Roston Market Acquisition Company,
a Delaware corporation

By: 

Jacob C. Baum, President

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Accepted and Agreed on August 3, 1999

BCE WEST, L.P.

By: BCI West, Inc.

By: Lawrence E. White
Name: Lawrence E. White
Title: Senior Vice President

BOSTON CHICKEN, INC.

By: Lawrence E. White
Name: Lawrence E. White
Title: Senior Vice President

MAYFAIR PARTNERS, L.P.

By: BCI Mayfair, Inc.,
as General Partner

By: Lawrence E. White
Name: Lawrence E. White
Title: Senior Vice President

BC GREAT LAKES, L.L.C.

By: Boston Chicken, Inc., Manager

By: Lawrence E. White
Name: Lawrence E. White
Title: Executive Vice President

BC GOLDENGATE, L.L.C.

By: Boston Chicken, Inc., Manager

By: Lawrence E. White
Name:
Title:

B.C.B.M. SOUTHWEST, L.P.

By: BCI Southwest, Inc.,
as General Partner

By: Lawrence E. White
Name: Lawrence E. White
Title: Vice President

BC BOSTON, L.P.

By: BCI Massachusetts, Inc.,
as General Partner

By: Lawrence E. White
Name: Lawrence E. White
Title: Senior Vice President

BC SUPERIOR, L.L.C.

By: Boston Chicken, Inc., Manager

By: Lawrence E. White
Name: Lawrence E. White
Title: Executive Vice President

BC HEARTLAND, L.L.C.

By: Boston Chicken, Inc., Manager

By: Lawrence E. White
Name: Lawrence E. White
Title: Executive Vice President

BC TRI-STATES, L.L.C.

By: Boston Chicken, Inc., Manager

By: Lawrence E. White
Name: Lawrence E. White
Title: Executive Vice President

FINEST FOODSERVICE, L.L.C.

By: Boston Chicken, Inc., Manager

By: Lawrence E. White
Name: Lawrence E. White
Title: Executive Vice President

BC NEW YORK, L.L.C.

By: Boston Chicken, Inc., Manager

By: Lawrence E. White
Name: Lawrence E. White
Title: Executive Vice President

R & A FOOD SERVICES, L.P.

By: BCI R&A, Inc., as General Partner
By: Lawrence E. White
Name: Lawrence E. White
Title: Senior Vice President

P&L FOOD SERVICES, L.L.C.

By: Boston Chicken, Inc., Manager
By: Lawrence E. White
Name: Lawrence E. White
Title: Executive Vice President

MID-ATLANTIC RESTAURANT
SYSTEMS, INC.

By: Lawrence E. White
Name: Lawrence E. White
Title: Senior Vice President

BUFFALO P&L FOOD SERVICES, INC.

By: Lawrence E. White
Name: Lawrence E. White
Title: Senior Vice President